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RUCPDOG/DEPT OF COMMERCE WASHINGTON DC  
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL  
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SUBJECT: ZARDARI- AHMEDINEJAD BILAT MEETING: PROGRESS ON THE IPI?

¶1. (SBU) Summary: Local media reports that while in New York for United Nations General Assembly meetings, Information Minister Sherry Rehman briefed journalists on the outcome of a meeting between President Zardari and President Ahmedinejad. Rehman reportedly stated that both countries have agreed to float a joint company to raise funds for the Iran-Pakistan-India (IPI) gas pipeline and will hold future discussions in October. End Summary.

¶2. (U) A local media report in the Business Recorder on September 24 states that while in New York for United Nations General Assembly meetings, Information Minister Sherry Rehman briefed journalist on the outcome of a meeting between President Zardari and President Ahmedinejad. Rehman reportedly stated that both countries have agreed to float a joint company to raise funds for the Iran-Pakistan portion of the gas pipeline.

¶3. (U) According to the report, Iran will provide a sovereign guarantee for the creation of a proposed company and funds will be sought in Pakistan, Iran and the Middle East. She told journalists that Iranian and Pakistani foreign ministers will meet on Oct 9 or Oct 10 to work out details. Rehman also reportedly stated that Pakistan and Iran agreed to constitute a team of five deputy ministers each in order to flesh out details of the funding plan. She is quoted as stating that the Presidents "discussed bilateral relations between the two sides but their main focus was on the IPI gas line."

¶4. (SBU) Despite acting as the lead Ministry on previous negotiations with Iranian officials on the IPI, Ministry of Petroleum Joint Secretary for Development, Taimur Azmat Osman told ECON, after checking with superiors in the Ministry, that "this is the first time the [Petroleum] Ministry has heard of this idea, and perhaps the Foreign Ministry is taking a lead on this rather than the Petroleum Ministry." Rehman's Secretary, Mubashir Hussain, also confirmed that they are not aware of any details on this. Likewise, Mansoor Khan, Director of Americas at the Ministry of Foreign Affairs, was unaware of the proposal but promised to relay any information on the subject to the Embassy as it becomes available.

¶5. (SBU) Comment: While Pakistan has increased efforts recently to find new energy resources, progress on the IPI negotiations is relatively minimal if at all. With a lack of funding and an increasingly cash strapped financial situation, the Government of Pakistan certainly will not be able to meet any financial obligations for the reported multi-billion dollar pipeline deal nor will the GOP be able to ensure security of the pipeline crossing the volatile Balochistan Province. End Comment.